

Message Text

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ACTION EUR-12

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E.O. 11652: N/A

TAGS: PLOS, CA

SUBJ: DEEP-SEABED MINING: EDITORIAL COMMENT RE U.S. POSITION
ON NICKEL

1. SUMMARY. RESPECTED TORONTO GLOBE AND MAIL EDITORIA
COLUMNIST GEOGGFREY STEVENS ON MAY 13 PUBLISHED ARTICLE
ENTITLED "PLEASE, NO SURPRISES," REVIEWING FACTS OF NICKEL AND
COPPER MINING AND DEEP-SEABED EXPLOITATION AND CONCLUDED THAT
U.S., WHILE PREACHING ADVANCE CONSULTATION AND NOTIFICATION
ON WHOLE GAMUT OF U.S.-CANADIAN RELATIONS, HAS FAILED TO DO
SO WHEN IT IS U.S. WHICH IS TAKING THE ACTION. END SUMMARY

2. FOLLOWING IS TEXT OF ARTICLE: BEGIN TEXT.. "CANADA BELONGS
TO THE WORLD. THE WORLD BELONGS TO THE U.S.A." - AN EXAS-
PERATED CANADIAN NEGOTIATOR.

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THE MAIN MESSAGE THAT THE CURRENT UNITED STATES

AMBASSADOR TO CANADA, THOMAS ENDERS, AND HIS PREDECESSOR, WILLIAM PORTER, HAVE TRIED TO IMPRESS ON THE GOVERNMENT OF CANADA CAN BE SUMMED UP IN THREE WORDS. PLEASE, NO SURPRISES.

IN OTHER WORDS, WASHINGTON DOES NOT CONTEST CANADA'S RIGHT TO TAKE ACTIONS WHICH MAY ADVERSELY AFFECT SOME AMERICAN INTERESTS. BUT, PLEASE, CONSULT US, TELL US WHAT YOU ARE THINKING OF DOING.

YET, DESPITE THIS AVOWED AMERICAN DESIRE TO AVOID SURPRISES AND ENGOURAGE CONSULTATION, U.S. NEGOTIATORS HANDED THEIR CANADIAN COUNTERPARTS A VERY NASTY SURPRISE INDEED AT THE LAW OF THE SEA CONFERENCE IN NEW YORK LAST WEEK.

WITHOUT ANY ADVANCE CONSULTATION OR NOTIFICATION, THE U.S. DELEGATION MADE A VERBAL PROPOSAL TO PAUL ENGO, OF CAMEROON, WHO WAS THE CHAIRMAN OF THE CONFERENCE'S COMMITTEE ONE. THE PROPOSAL CONTAINED A FORMULA TO GOVERN THE PRODUCTION OF NICKEL FROM THE INTERNATIONAL DEEP SEABED. THE FORMULA SURFACED SO LATE IN THE CONFERENCE (WHICH ADJOURNED ON FRIDAY), THAT THE CANADIANS HAD NO OPPORTUNITY TO REGISTER OBJECTIONS. THERE WASN'T TIME EVEN FOR THE FORMULA TO BE DISCUSSED IN THE COMMITTEE BEFORE MR. ENGO SAT DOWN TO WRITE HIS REVISED SINGLE NEGOTIATION TEXT. YET, WHEN THE TEXT APPEARED ON FRIDAY, IT CONTAINED THE U.S. FORMULA.

TO TRY TO REDUCE A COMPLICATED ISSUE TO AS FEW WORDS AS POSSIBLE, THE UNITED STATES IS DESPERATELY ANXIOUS TO ACHIEVE NATIONAL SELF-SUFFICIENCY IN RESOURCES. ONE OF THESE RESOURCES IS NICKEL; IT HAS TO IMPORT 90 PERCENT OF ITS NICKEL, MUCH OF IT FROM CANADA WHICH IS THE WORLD'S LARGEST PRODUCER (ABOUT 38 PERCENT OF WORLD PRODUCTION). THE MANGANESE NODULES OF THE DEEP SEABED ARE RICH IN NICKEL; THE AMERICANS HAVE THE TECHNOLOGY TO MINE THE SEABED AND THEY ARE IMPATIENT TO GET ON WITH THE JOB.

ENTER SOME OF THE DEVELOPING NATIONS WHICH ARE CONCERNED ABOUT THE FATE OF THEIR OWN LAND-BASED MINING INDUSTRIES, PRINCIPALLY COPPER, IF SEABED MINING RUSHES AHEAD. THEY UNCLASSIFIED

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INSIST THEIR MINES BE PROTECTED BY PRODUCTION CONTROLS ON SEABED MINES.

IN THE SEABED, COPPER IS TIED TO NICKEL. IT IS NOT ECONOMIC TO MINE THE COPPER UNLESS THE NICKEL CAN BE SOLD. SO THE AMERICANS, TO MEET THE OBJECTIONS OF THE DEVELOPING NATIONS, CAME UP WITH A PRODUCTION FORMULA WHICH IS DIRECTED AT NICKEL AND WOULD INDIRECTLY ECOMPASS COPPER AS WELL.

THE AMERICAN NEGOTIATORS HELD DISCUSSIONS WITH SUCH COPPER PRODUCERS AS ZAIRE, ZAMBIA, CHILE AND PERU. THEY DID NOT, THEY SAY, TALK TO CANADA BECAUSE THE CANADIANS HAD NEVER EXPRESSED A STRONG PROTECTIONIST SENTIMENT ABOUT COPPER.

THE SUBJECT GETS A BIT MORE COMPLICATED. THE PRINCIPLE OF PRODUCTION CONTROLS IS ANATHEMA TO THE TREE-ENTERPRISERS IN THE U.S. CONGRESS. SO THE FORMULA HAD TO BE DEFENDED, POLITICALLY, AS BEING AS MUCH A PRODUCTION "INCENTIVE" AS A PRODUCTION "CONTROL". THE FORMULA PROVIDES THAT PRODUCTION OF NICKEL FROM THE SEABED NOT EXCEED THE CUMULATIVE INCREASE IN WORLD DEMAND FOR NICKEL - "PROVIDED THAT THE COMPUTED RATE OF INCREASE SHALL BE AT LEAST 6 PERCENT PER ANNUM".

THERE WOULD BE NO GREAT DISLOCATION IF ACTUAL WORLD DEMAND FOR NICKEL RISES BY 6 PERCENT OR MORE PER YEAR. HOWEVER, THE CANADIANS PROJECT A RATE OF INCREASE OF ONLY 4 TO 5 PERCENT AND SAY IT COULD BE AS LOW AS 3 PERCENT. THE AMERICANS REPLY, IN EFFECT, THAT THE CANADIAN ARE OUT OF THEIR STATISTICAL TREE.

ONE HAS TO ASSUME THAT MANY COUNTRIES, EAGER FOR SECURE SUPPLIES OF NICKEL, WILL SUBSIDIZE SEABED MINING (EITHER DIRECTLY OR THROUGH TAX CONCESSIONS) AND THEREBY MAKE IT COMPETITIVE IN PRICE WITH THE TRADITIONAL MINES. THE PROBLEM IS THIS. SUPPOSE WORLD DEMAND RISES BY ONLY 3 PERCENT PER YEAR. NICKEL PRODUCED BY SEABED MINES INCREASES BY ITS GUARANTEED MINIMUM OF 6 PERCENT. THE RESULT COULD BE AN ANNUAL REDUCTION OF 3 PERCENT IN PRODUCTION FROM LAND-BASED MINES.

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THE AMERICANS SAY THEY DO NOT BELIEVE THEIR FORMULA WILL HAVE THIS EFFECT. THEY ALSO NOTE THAT TWO GIANTS OF CANADIAN MINING, INTERNATIONAL NICKEL AND NORANDA ARE MEMBERS OF INTERNATIONAL CONSORTIA THAT WILL BE DOING SEABED MINING; SO, THEIR CORPORATE INTERESTS MAY BE PROTECTED. IF WORST COMES TO WORST, PERHAPS WE COULD ASK THE UNITED STATES, BEING A GOOD NEIGHBOR, TO EXPLAIN TO THE PEOPLE OF SUDBURY AND THOMPSON, MANITOBA WHERE THEIR JOBS HAVE GONE. END TEXT. ENDERS

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